



Clean Energy Upgrade Financing Program

ABX1 14 Loan Loss Reserve Program

Contractor Reference Guide

Program Summary

The Clean Energy Upgrade Financing Program is a statewide program that assists homeowners by lowering the cost of financing for energy efficiency improvements and distributed generation projects. CAEATFA accomplishes this by providing a loan loss reserve (or portfolio insurance) to lenders that participate in the program, which in turn provide financing options to homeowners under better rates and terms.

A list of participating lenders and program forms contractors will need to complete can be found at http://treasurer.ca.gov/caeatfa/abx1_14/index.asp.

Eligible Improvements

- Eligible Improvements are:
 - Permanently affixed to the real property;
 - Made on residential property of three units or fewer.
- Eligible Improvements must also:
 - (1) Be recommended through a Pre-Project Assessment and designed to achieve at least ten percent (10%) total energy savings;
OR
 - (2) Meet the requirements of a California Public Utilities Commission (CPUC)-approved residential whole-house energy efficiency retrofit program (e.g. Energy Upgrade California Advanced Path or pending Flex Path) *if borrower is participating in that program*;
OR
 - (3) Include distributed generation renewable energy sources, as long as the project meets the loading order requirement identified in the regulations.
- **Can homeowners finance solar?**

Yes, but the program requirements align with state energy policy and prioritize energy efficiency first in the loading order. Compliance with the loading order can be established in one of three ways. Borrowers can:

- (1) Install the recommended Eligible Improvements necessary to achieve a minimum ten percent (10%) improvement in total energy savings;
OR
- (2) Install the recommended Eligible Improvements identified in a CPUC-approved whole-house energy efficiency retrofit program *if borrower is participating in that program*;
OR
- (3) Demonstrate a Home Energy Rating (HERS) index rating of 85 or lower provided air sealing, attic insulation, duct test and seal or replacement, and insulation of domestic hot water or replacement have all been installed if recommended in the Pre-Project Assessment.

Contractor Requirements

CAEATFA does not approve specific contractors to participate in the program. The program's quality assurance measures are built into the program regulations. Below are several requirements to remember:

- A **Qualified Contractor** is one who is licensed for the work they perform and must complete all work according to all applicable laws, rules and regulations.
- **Energy Efficiency Improvements** must be installed by one of the following:
 - a. a BPI certified professional;

OR

 - b. a contractor participating in a CPUC-approved residential whole-house energy efficiency retrofit program *if borrower is participating in that program*;

OR

 - c. a contractor who holds a valid A, B, C-4, C-10, C-36, or C-46 license from the California Contractors State License Board, if improvements include distributed generation renewable energy sources.
- A **Pre-Project Assessment** (test-in) is required for all projects.
 - Must be conducted in accordance with:
 - a) HERS Whole House Requirements;

OR

 - b) BPI Building Analyst standards.
- A **Post-Project Assessment** (test-out) is required for all projects.
 - Must be completed using one of the three following methods:
 - a) Conducted by an independent, third-party inspector who is a HERS Whole House Rater, a BPI Building Analyst, or a BPI Energy Auditor;

OR

 - b) Conducted in accordance with the quality assurance protocols identified in a CPUC-approved whole-house energy efficiency retrofit program *if borrower is participating in that program*;

OR

 - c) Conducted in accordance with the quality assurance protocols established under the Home Performance with ENERGY STAR joint program of the U.S. Environmental Protection Agency and the U.S. Department of Defense, *if borrower is participating in a residential whole-house energy efficiency retrofit program operated by a utility that is not subject to approval by the CPUC.*

Required Forms and Items Easily Missed

Contractors are required to submit the forms listed below to either the borrower or the lender ***after*** the project is completed.

When completing the forms, be sure to read the directions carefully and fill in every blank space. Any empty spaces may result in CAEATFA returning the documentation to the lender with a request that the contractor complete the forms. If a question is not applicable to the project, please write "N/A".

1. Certificate of Completion

- This document must be filled out and signed by the contractor who did the work ***after*** he or she has completed the work.
- Only check off boxes that apply to the contractor or the project.
- The dates when the contractor and the borrower sign the form must be dates ***after*** the project is completed.

2. Pre-Project Assessment (Test-In)

- This assessment is required for all projects, and must be conducted in accordance with either HERS Whole House Requirements or BPI Building Analyst standards.
- The assessment may be completed in various software packages used by the contracting industry. The cost of the assessment is eligible for financing.
- A copy of the Pre-Project Assessment must be submitted to the borrower or the lender issuing the loan.

3. Post-Project Assessment (Test-Out)

- The assessment can be completed in various software packages used by the contracting industry. The cost of the assessment is eligible for financing.
- A copy of the Post-Project Assessment must be submitted to the borrower or the lender issuing the loan.
- If the borrower is participating in a CPUC-approved program, a copy of the post-retrofit approval should be submitted with the Post-Project Assessment.
- If the project includes a distributed generation renewable energy system, a copy of the utility permission to operate letter or interconnection agreement must be submitted to the borrower or lender issuing the loan.